



House of Commons  
Committee of Public Accounts

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**Supported housing**

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**Seventy-Seventh Report of Session  
2022–23**

*Report, together with formal minutes relating  
to the report*

*Ordered by the House of Commons  
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## Summary

Supported housing provides housing with support to people with additional needs, including care leavers, people with disabilities, mental health issues and addiction. The sector is riddled with long-standing challenges and government's actions to improve matters falls woefully short.

Many vulnerable people are let down by the unscrupulous providers who rent out poor-quality housing with limited support. Local authorities are charged more than housing benefit will cover in many cases and have to fill the shortfall out of their budgets and taxpayers are let down because of the weaknesses in tackling housing benefit fraud in the sector.

Government is hampered by the lack of data it holds, despite the issues within the sector being known about for a long time. Regulatory oversight of supported housing, and its knowledge of the market for it, both fall short. This is especially troubling given supported housing is intended to help some of the most vulnerable in society. Patchy oversight and regulation give unscrupulous providers the opportunity to rent out poor-quality housing with limited support, while profiting at the taxpayers' expense. This is not a problem unique to the public sector. Some private sector supported housing complexes are also very poorly regulated, leading to potential exploitation of private sector residents by unscrupulous landlords and/or management companies.

Limited data means that the Department for Levelling Up, Housing and Communities (DLUHC) and the Department for Work and Pensions (DWP) do not understand the nature or the scale of the problems with supported housing and therefore cannot effectively address them. DLUHC does not know how much supported housing there is, or how much is needed to meet people's needs, though it acknowledges that there is not enough. The Affordable Homes Programme aims to help increase the amount of supported housing but DLUHC's most recent data on the 2021–26 iteration of the Programme reports that it is only forecast to deliver 5% supported housing against its initial target of 10% within the affordable homes programme (the 10% target is equivalent to 15,700 to 16,500 new supported housing units)

Local authorities have limited resources and are likely to need more support from central government to deal with the problems in the sector and improve the quality of supported housing. Some local authorities lack the capacity and resources to consistently identify and challenge fraud in Housing Benefit for supported housing. Housing Benefit rules also mean that some local authorities have shortfalls in their funding for supported housing, so councils are having to bridge the shortfall out of their own budgets. The scale of this 'subsidy loss' varies locally, but is increasing overall with local authorities experiencing subsidy loss of £108 million in 2021–22. We welcome the Royal Assent of the Supported Housing (Regulatory Oversight) Bill, but reform is long overdue, and the Act mainly focuses on the subset of exempt, short-term accommodation rather than all supported housing. It is currently unknown how much extra burden will be placed on local authorities by the Act.

## Introduction

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Supported housing in England provides much needed accommodation and support, supervision and care to vulnerable people who often have complex and multiple needs, to help them live as independently as possible in the community. Residents tend to include people at risk of, or who have experienced, homelessness, people with a learning or physical disability, or people recovering from drug or alcohol dependence. Responsibilities are spread across central and local government:

- the Department for Work and Pensions (DWP) reimburses local authorities for paying Housing Benefit claims and sets Housing Benefit policy;
- the Department for Levelling Up, Housing and Communities (DLUHC) is responsible for the supply and quality of supported housing;
- the Department of Health and Social Care (DHSC) develops policies that aim to give more people the choice to live independently and healthily in their own homes for longer; and
- local authorities are responsible for managing Housing Benefit claims and inspecting supported housing.

Gaps in oversight and regulation of supported housing allow some landlords to make large profits while providing poor quality accommodation and support. Demand for supported housing is largely unknown, and the government is not expected to meet its original target for building 15,700 to 16,500 new supported housing units, as part of the Affordable Home Programme. Housing Benefit can leave local authorities short-changed and allow for an unknown amount of fraud in the sector. The Supported Housing (Regulatory Oversight) Act 2023 contains measures to improve supported housing. The Act focuses on exempt accommodation (mostly short-term supported housing that is exempt from locally set Housing Benefit caps), rather than supported housing more broadly.

## Conclusions and recommendations

1. **Demand for supported housing outstrips supply so vulnerable people do not always get the homes or support that they need.** DLUHC acknowledges that supply for supported housing does not meet demand. While it uses the Affordable Homes Programme to support development of more supported housing, progress is poor, and the 2021–2026 iteration of the Programme is currently only forecast to achieve half of its target that 10% would be supported housing units (10% would be between 15,700 and 16,500 new supported housing units by 2026). DLUHC points to other programmes and funding aimed at increasing the number of homes for specific groups of vulnerable people such as victims of domestic abuse and rough sleepers. DLUHC accepts that a lack of data means it does not know the size of the gap between supply and demand which also prevents it from properly targeting its actions to improve supply. DWP and DLUHC are working to improve their data and have commissioned researchers to produce a ‘snapshot’ of the sector, including a picture of demand and supply, which at the time we took evidence was due to be available later in 2023.

**Recommendation 1:** *Within six months of publishing the new snapshot of data on supporting housing, DLUHC should write to the Committee setting out how central government is maximising efforts to get supply of supported housing to meet demand, for example, through the Affordable Homes Programme.*

2. **Exempt accommodation—an expanding sub-sector of short-term supported housing that can be of poor quality—has little regulation or oversight so leaving vulnerable people unprotected from unscrupulous providers.** We echo the strength of feeling and view of the Levelling Up, Housing and Communities Committee in their report on exempt accommodation (mostly short-term supported housing that is exempt from locally set Housing Benefit caps), which described this part of the supported housing sector as a “complete mess”, and a “goldrush” for unscrupulous landlords. The Local Government Association has told us of an increase in vulnerable people being housed in poor-quality houses of multiple occupancy, with unsuitable or no additional support provided. It feels that this has had a significant, detrimental impact on vulnerable people. DLUHC recognised that the sector “is not working as well as it should” and that the Supported Housing (Regulatory Oversight) Bill (which has since received Royal Assent) would bring in important reforms. The Act focuses on exempt accommodation and includes a range of measures that aim to drive out rogue providers and improve the quality of supported housing. But we are concerned about local authorities’ capacity to deal with the new responsibilities under the Act. We understand that DLUHC will assess whether local authorities need new burdens funding to help with costs. However, local authorities continue to be under severe financial pressure and, as a result, may struggle to take on new duties.

**Recommendation 2:** *Alongside its Treasury Minute response, DLUHC should write to the Committee outlining progress with its consultation with local authorities and set out its early thinking on how it intends to support them to implement the Act effectively, improve short-term supported housing and protect vulnerable residents.*

3. **DLUHC and DWP cannot assess and therefore resolve the problems with supported housing as they have no reliable data about the sector.** The data on the sector held by DLUHC and DWP is incomplete and out of date despite the department and its predecessor departments being aware of the issues for many years. They intend to improve their understanding of the sector through the snapshot which will include data on the size and composition of the sector, costs, current and future supply and demand. This will update the last snapshot which was done in 2016. To keep its understanding relevant in the future, DLUHC is relying on the new duties that the Bill imposes to get local authorities to provide it with annual data. These duties include local authorities' strategic reviews of supported housing which DLUHC expects will help local authorities assess demand and supply. It also expects that local authorities will extract information through the new licensing schemes they can set up for providers of supported housing. There is currently no timetable for the local housing strategies to be completed and as the licensing schemes are not mandatory, there is a risk that DLUHC's data will remain inconsistent and incomplete. DWP is also working with local authorities to get a better picture of housing benefit claims for specified housing (a type of supported housing which is paid for with housing benefit). It has given local authorities £4.79 million to review all their existing Housing Benefit claims to identify and record if claims are for specified accommodation and, if so, what type.

***Recommendation 3: In the Treasury Minute response to this report, DLUHC and DWP should summarise what they are currently doing, along with plans for future work, to radically improve and keep up to date, their data on demand, supply, and costs of supported housing while minimising the burden on local authorities.***

4. **The Supported Housing (Regulatory Oversight) Act 2023 gives local authorities more powers over providers of supported housing but there is a risk of unintended consequences, including discouraging good quality providers.** The Act gives powers to local authorities to set up licensing schemes for supported housing providers to join and adhere to the framework of standards locally. DLUHC intends to assess if new burdens funding is needed to help local authorities set up licensing schemes but expects local authorities will then cover ongoing running costs by charging fees to housing providers to join the scheme. Local authorities will need to achieve a difficult balance of charging fees to housing providers that are enough to cover local authorities' costs, but not so much that they deter good quality landlords. DLUHC stresses that it is mindful of unintended consequences, in particular, the potential to create uncertainty and anxiety among providers which in turn, risks some people's needs not being met. It acknowledges the need for a licensing regime that is robust enough to ensure that standards are being upheld, while not pushing good providers out of the market unnecessarily. However, DLUHC has not convinced us that it is on top of this problem as it has not assessed the potential costs to landlords.

***Recommendation 4: DLUHC should assess how local authorities can set up licensing schemes with appropriate levels of fees that will deter poor providers and encourage good quality supported housing.***

5. **Local authorities have limited capacity to deal with fraud in Housing Benefit claims for supported housing.** In other recent reports we have highlighted the



limited capacity of local authorities to tackle fraud and stressed the need for central government to provide better support. We are disappointed to see that the problem of fraud is going largely unaddressed in supported housing. DWP acknowledges that there is unscrupulous behaviour in the sector and there are gaps in how it is dealt with. However, it is unable to identify how many of Housing Benefit claims for supported housing are fraudulent. Local authorities are responsible for managing Housing Benefit claims in their areas and while some have the resources to check individual claims for fraud, many do not. Furthermore, DWP samples just 60 housing benefit claims per local authority for fraud and supported housing benefit claims will only be a small portion of this sample. DWP tells us that it is working closely with DLUHC to help all local authorities to act on fraud.

**Recommendation 5:** *Within six months, DWP should inform the Committee about how it intends to identify the level of fraud in Housing Benefit for supported housing and how it will better support local authorities, including funding, to tackle this fraud.*

6. **Some local authorities face increasing gaps in their budgets because of the way DWP Housing Benefit regulations work.** Local authorities pay housing benefit directly to providers and ‘subsidy loss’ is the gap between how much rent a housing provider charges to a local authority and how much of it the local authority can claim back from DWP under Housing Benefit rules. In some cases, local authorities cannot claim the full amount of rent back and must cover the remaining costs from their own budgets. Subsidy loss varies across different local authorities, but overall, the problem is increasing, while local authorities already face financial pressures. Local authorities in England experienced a subsidy loss of £108 million (cash terms) in 2021–22 compared with £53.8 million in 2017–18. Successful bids from local authorities for the Supported Housing Improvement Programme have included work to reduce subsidy loss in local areas. DWP says that local authorities can reduce subsidy loss by more scrutiny of Housing Benefit claims, but this alone is very unlikely to bridge the gap in funding that local authorities are experiencing. The Supported Housing (Regulatory Oversight) Act 2023 does not have any measures to deal with subsidy loss, so we are pleased that DWP has told us it will look at other solutions.

**Recommendation 6:** *As part of the consultation with local authorities on the Supported Housing (Regulatory Oversight) Act 2023, DWP should consider how to reduce subsidy loss, and then implement solutions.*

# 1 Challenges in supported housing

1. On the basis of a report by the Comptroller and Auditor General, we took evidence from the Department for Levelling Up, Housing & Communities (DLUHC) and the Department for Work & Pensions (DWP) about supported housing.<sup>1</sup>
2. Supported housing in England provides much needed accommodation alongside support, supervision or care to vulnerable people who often have complex and multiple needs to help them live as independently as possible in the community. Residents tend to include people at risk of, or who have experienced, homelessness, people with a learning or physical disability, or people recovering from drug or alcohol dependence. Supported housing can be short-term or long-term, depending on a person's need.<sup>2</sup>
3. DWP reimburses local authorities for paying Housing Benefit claims and sets Housing Benefit policy. DLUHC is responsible for the supply and quality of supported housing. The Department of Health & Social Care (DHSC) develops policies that aim to give more people the choice to live independently and healthily in their own homes for longer. Local authorities are responsible for managing Housing Benefit claims and inspecting supported housing.<sup>3</sup>
4. There are several known shortcomings with supported housing. Gaps in oversight and regulation allow some landlords to make large profits while providing poor quality accommodation and support. Demand for supported housing is largely unknown, and the government is not expected to meet its target for building 15,700 to 16,500 new supported housing units, as part of the 2021–2026 iteration of the Affordable Home Programme. The way Housing Benefit is funded also causes problems which can leave local authorities short-changed and allow for an unknown amount of fraud in the sector.<sup>4</sup>

## Demand and supply

5. The NAO investigation found that DLUHC does not currently know or routinely try to estimate the demand for supported housing nationally. DLUHC acknowledged that demand does not meet supply, and that, due to demographic changes, demand for supported housing is probably increasing.<sup>5</sup> In 2017, the Personal Social Services Research Unit at the London School of Economics assessed the impact of projected demographic changes on demand for supported housing. The research estimated that between 2015 and 2030 demand would increase substantially for older people (by 36%) and working age people with a learning disability (by 55%).<sup>6</sup>
6. DLUHC told us that because the data on demand and supply of supported housing is poor, it does not understand the mismatch between demand and supply and it is difficult to identify gaps and issues.<sup>7</sup> As a result, DLUHC is unable to target efforts to increase supply where it is needed to help vulnerable people. DLUHC and DWP have plans to improve the data on demand and supply and have commissioned researchers to produce

1 C&AG's Report, [Investigation into supported housing, Session 2022–23](#), HC 1318, 10 May 2023

2 C&AG's Report, paras 1, 1.2

3 C&AG's Report, paras 2, 2.3

4 C&AG's Report, paras 3, 2.11, 2.16

5 Qq 32, 55

6 C&AG's Report, para 2.14

7 Q 13

a new snapshot of the sector that is due to be published by the end of 2023.<sup>8</sup> The new strategic plans that the Supported Housing (Regulatory Oversight) Bill will require local authorities to complete will provide data on supported housing in their areas.<sup>9</sup>

7. Progress to improve the supply of supported housing is poor. While DLUHC uses the Affordable Homes Programme to support development of more supported housing, it reported it is only forecast to achieve 5% of supported housing from the 2021–2026 iteration of the Affordable Homes Programme against a target of 10% (between 15,700 and 16,000 new housing units in England, including London).<sup>10</sup> DLUHC described how it has tried to increase the supply of supported housing through other programmes and funding for specific groups of vulnerable people such as victims of domestic abuse and rough sleepers.<sup>11</sup>

8. The need for different types of supported housing varies locally due to different demographics in local authority areas. DLUHC told us there is not the right supply of supported housing for the right people in the right places and that as a result, supported housing does not offer the right support or accommodation to vulnerable people that ‘would actually benefit them and would be value for money’.<sup>12</sup>

### Poor quality short-term supported housing: the exempt accommodation sector

9. The Levelling Up, Housing and Communities Committee focused on exempt accommodation, a subset of supported housing, during its inquiry in 2022. It described the sector as a “complete mess”, and a “goldrush” for unscrupulous landlords.<sup>13</sup> The Committee took evidence from several residents living in such supported housing, local authorities and other stakeholders. The Committee concluded that some residents’ experiences of exempt accommodation were “beyond disgraceful” and noted the lack of regulation and governance of providers, and “the exploitation of the system by people seeking to make profit from it”.<sup>14</sup>

10. Exempt accommodation can provide much-needed homes and support including for people recovering from drug or alcohol dependence; at risk of or transitioning to or from homelessness; or on release from the criminal justice system. However, the NAO found that some areas, such as Birmingham, have seen increasing numbers of landlords who circumvent the regulations, enabling them to profit by providing costly sub-standard housing with little or no support, supervision or care.<sup>15</sup> Regulation of exempt accommodation is patchy and there are gaps meaning that some providers of supported housing have less scrutiny. In written evidence submitted to this Committee, the Local Government Association (LGA) told us of an increase in vulnerable people being housed in poor-quality houses of multiple occupancy, with unsuitable or no additional support

8 Q67

9 Q 3

10 Q33 and C&AG’s Report, [The Affordable Homes Programme since 2015](#), Session 2022–23, HC 652, 8 September 2022

11 Q 28

12 Q 55

13 Levelling Up, Housing & Communities Committee Report, [Exempt Accommodation](#), Third Report of Session 2022–23, HC 21, 27 October 2022

14 Levelling Up, Housing & Communities Committee Report, [Exempt Accommodation](#), Third Report of Session 2022–23, HC 21, 27 October 2022

15 C&AG’s Report, para 2.11

provided.<sup>16</sup> It feels that this has had a significant, detrimental impact on vulnerable people. The Chartered Institute of Housing (CIH) told us that “the impact of poor-quality provision is felt most directly by residents within the schemes, and often also by local communities around them”.<sup>17</sup>

11. DLUHC told us that the sector “is not working as well as it should” and that the Supported Housing (Regulatory Oversight) Bill, as it then was, would bring in important reforms.<sup>18</sup> The Bill focused on exempt accommodation (mostly short-term supported housing that is exempt from locally set Housing Benefit caps) and include a range of measures that aim to drive out rogue providers and improve the quality of supported housing.<sup>19</sup> Key stakeholders welcomed the intention of the Bill to raise standards in supported housing.<sup>20</sup> The Bill received Royal Assent in June 2023 to become an Act of Parliament.

12. The Act will introduce several new measures that will increase powers for local authorities to have more control over supported housing in their areas. During the DLUHC funded pilot schemes for the Supported Housing Improvement Programme, local authorities were able to test ideas to improve supported housing in their areas, thereby allowing them to use and pass on the learning from the pilots when the Act is brought into force.<sup>21</sup> Alongside developing national supported housing standards, the Act will require new duties of local authorities that will include developing supported housing strategies and an option to introduce licensing schemes for providers.<sup>22</sup> The Act places significant new burdens on local authorities—who are already struggling with resources and capacity—to undertake these new duties. DLUHC has committed to a wide consultation to assess how it will best support local authorities to fund these new powers and responsibilities, including assessing whether local authorities will need new burdens funding to help with costs.<sup>23</sup>

### Lack of reliable data

13. DLUHC and DWP have no reliable data about supported housing and as a result cannot assess and resolve the problems within the sector. The NAO investigation found that DLUHC and DWP do not routinely collect national data on the numbers of people living in supported housing or the numbers of units of supported housing. The most comprehensive national picture of supported housing is from DWP and DLUHC’s (then the Department for Communities and Local Government, or DCLG) joint review in 2016 for which they surveyed local authorities. However, not even half (197 of the 407 local authorities surveyed across England, Wales and Scotland) actually provided responses.<sup>24</sup> DLUHC and DWP have acknowledged that the data is not as it should be.<sup>25</sup>

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16 [DSH0007](#)

17 [DSH0006](#)

18 Q 2

19 See Parliamentary debate on the Bill 11.01.23, Felicity Buchan opening statement: [Supported Housing \(Regulatory Oversight\) Bill – Hansard – UK Parliament](#)

20 [DSH0001](#), [DSH0007](#)

21 Q 26

22 C&AG’s Report, para 3.6, Figure 5

23 Q 4

24 C&AG’s Report, para 2.19

25 Q 3

14. While DWP collects data from local authorities, this does not include people living in supported housing who are not in receipt of Housing Benefit.<sup>26</sup> Before April 2022, DWP could not differentiate whether Housing Benefit claims were for supported housing. Since April 2022, DWP has made attempts to improve the data by requiring local authorities to improve the way they identified and reported each new Housing Benefit claim when it relates to specified accommodation (when accommodation is paid through Housing Benefit), and if so, what type. DWP accepts that this will not immediately improve data quality, as it only applies to new claims. In March 2023, DWP provided local authorities with £4.79 million of funding to review their existing Housing Benefit claims to identify and record if claims are for specified accommodation and, if so, what type.<sup>27</sup>

15. Both DLUHC and DWP have committed to improving data.<sup>28</sup> DLUHC has commissioned research to provide an up-to-date understanding of the supported housing sector in England, with funding from DWP to extend it to Scotland and Wales. DLUHC intends that the snapshot of data focuses on the size and composition of the sector, costs, current and future supply and demand, the interaction between commissioners and housing providers, and how to improve monitoring.<sup>29</sup> DLUHC told us that it will use this research to understand the gaps in supported housing and feed into the design of the quality standards and licensing scheme.<sup>30</sup> DLUHC has assured us that the research will be published, and the aim is for it to be completed by the end of 2023.<sup>31</sup>

16. DLUHC and DWP are taking steps to better understand supported housing with the publication of the new snapshot of data. To ensure its understanding is relevant in the future, DLUHC is relying on the new duties that the Act imposes to get local authorities to provide it with annual data. The Act requires local authorities to produce new local housing strategies as part of a licensing scheme for supported housing in their areas.<sup>32</sup> DLUHC expects local authorities will draw on the strategies and licensing schemes to provide information, including on supply and demand. There is currently no timetable for the local housing strategies to be completed and the licensing schemes are not mandatory.<sup>33</sup>

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26 C&AG's Report, para 15

27 Q 81; C&AG's Report, para 2.21

28 Q 13

29 C&AG's Report, para 2.22

30 Qq 67–69

31 Q 67

32 Qq 32, 60

33 C&AG's Report, Figure 5

## 2 Burdens on local authorities

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### Supported housing local licencing schemes, and possible unintended consequences

17. The Act intends to improve the quality of supported housing and give local authorities more control of supported housing in local areas. It does this through giving local authorities powers to create licensing schemes for providers of exempt accommodation, including provisions to restrict or remove Housing Benefit.<sup>34</sup> The licensing scheme will not be mandatory for local authorities to implement but those that do will be able to ensure higher quality standards by holding housing providers to specific licensing conditions.<sup>35</sup>

18. However, there is a risk of unintended consequences from the licensing scheme, including discouraging good quality supported housing providers. The NAO reported that some concerns had been raised by stakeholders, including from local authorities, that small or specialist non-commissioned supported housing providers may leave the sector or that it may force unscrupulous landlords to a different housing sector.<sup>36</sup> DLUHC stressed to us that it is mindful of unintended consequences, in particular, the potential to create uncertainty and anxiety among providers which in turn, risks some people's needs not being met. It acknowledged the need for a licensing regime that is robust enough to ensure that standards are being upheld, while not pushing good providers out of the market unnecessarily.

19. DLUHC has committed to assessing if local authorities will need new burdens funding to help them to set up the schemes. It told us that it expects local authorities to fund the licensing schemes' running costs through the fees they will charge participating providers.<sup>37</sup> However, DLUHC has noted the difficulty that local authorities will face when trying to find a balance between a sufficiently robust licensing scheme and setting the fee at the right level to be able to appropriately recover costs without making it difficult for providers to access.<sup>38</sup>

### Fraud

20. The problem of fraud is going largely unaddressed in supported housing. The NAO investigation found that DLUHC and DWP do not know how much fraud is made possible by gaps in oversight and regulation of supported housing. DWP has calculated that £540 million of Housing Benefit claims in Great Britain in 2021–22 were fraudulent. However, it cannot assess how many Housing Benefit claims for supported housing are fraudulent as it does not know how many Housing Benefit claims are for supported housing.<sup>39</sup> DWP acknowledged that there is unscrupulous behaviour in the supported housing sector and there are gaps in how it is dealt with.<sup>40</sup>

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34 C&AG's Report, Figure 5

35 Qq 7, 8

36 C&AG's Report, Figure 5

37 Q 26

38 Q 38

39 C&AG's Report, para 2.6

40 Qq 41, 46



21. Local authorities are responsible for managing Housing Benefit claims in their areas and while some have the resources to check individual claims for fraud, many do not. DWP told us that while some local authorities are taking action on fraud, it is concerned that there are local authorities that are not able to, or have not been doing so.<sup>41</sup> We have highlighted in other recent reports the limited capacity of local authorities to tackle fraud and stressed the need for central government to provide better support.<sup>42</sup> The LGA reported to us that whilst local authorities can use powers under the Housing Benefit regulations to restrict unreasonable exempt accommodation rent increases in limited circumstances, the significant practical difficulties with doing so means that this rarely happens.<sup>43</sup>

22. DWP does some limited checks for fraud at a local level. It noted that it samples just 60 housing benefit claims per local authority for fraud and that supported housing benefit claims will only be a small portion of this sample.<sup>44</sup> Some local authorities in the Supported Housing Improvement Programme pilots have seen improvement in challenging fraudulent Housing Benefit claims but progress in this area is slow.<sup>45</sup>

23. DWP told us that it is working closely with DLUHC to help all local authorities to act on fraud. In addition, it set out how the Bill will provide opportunities for local authorities to challenge fraudulent claims by giving more clarity on quality standards and a definition of “care, support and supervision”, which will be linked to Housing Benefit policy.<sup>46</sup> DWP also told us it has strengthened Housing Benefit guidance to empower local authorities to challenge service charges that do not look right.<sup>47</sup>

## Funding gap

24. The NAO investigation found that some local authorities face increasing gaps in funding for supported housing because of the way the DWP’s Housing Benefit regulations work. “Subsidy loss” is the gap in funding between how much rent a housing provider charges to a local authority and how much of it the local authority can claim back from DWP, in line with Housing Benefit rules which are set out in legislation. In some cases, local authorities cannot claim the full amount of rent back and must cover the remaining costs from their own budgets.<sup>48</sup>

25. The scale of subsidy loss varies between local authorities and some local authorities experience a high subsidy loss. The amount of subsidy loss is increasing overall with local authorities in England experiencing a subsidy loss of £108 million (in cash terms) in 2021–22 compared with £53.8 million in 2017–18.<sup>49</sup> The LGA told us that subsidy loss is a “further budget pressure on already stretched council budgets”.<sup>50</sup>

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41 Q 46

42 Committee of Public Accounts, *Tackling fraud and corruption against government*, 69th Report of Session 2022–23, HC 1230, 8 September 2023; Committee of Public Accounts, *Local authority administered COVID support schemes in England*, 68th Report of Session 2022–23, HC 1234, 6 month 2023

43 Written evidence submitted to committee – DSH0007

44 Qq 44, 45

45 Q 30

46 Qq 46, 47

47 Q 47

48 C&AG’s Report, para 2.17

49 C&AG’s Report, para 2.18

50 [DSH0007](#)

26. Successful bids from local authorities for the Supported Housing Improvement Programme have included work to reduce subsidy loss in local areas. DWP told us that local authorities can reduce subsidy loss by scrutinising Housing Benefit claims more by overseeing providers and asking for breakdowns of bills that come through on service charges.<sup>51</sup> However, whilst this may reduce some subsidy loss in some areas, this may not go far enough to bridge the gap in funding that local authorities are experiencing.<sup>52</sup> When we challenged DWP on this, it told us that subsidy loss is set out in Housing Benefit regulations, although DWP has committed to explore solutions to subsidy loss through the implementation of the new measures in the Act.<sup>53</sup> The Act aims to improve quality standards in supported housing and give local authorities more power to control supported housing in their local areas. However, the Act will not reform Housing Benefit regulations or deal with problems caused by subsidy loss.<sup>54</sup>

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51 Q 56

52 Q 57

53 Qq 58, 59

54 C&AG's Report, para 3.6



# Formal minutes

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**Thursday 19 October 2023**

## **Members present:**

Dame Meg Hillier

Sir Geoffrey Clifton-Brown

Mr Jonathan Djanogly

Mr Mark Francois

Ben Lake

Ann Marie Morris

## ***Declaration of interests***

Mr Louie French drew attention to his Register of Interests and declared that his constituency association had received a donation from a director of a housing company.

## **Supported housing**

Draft Report (*Supported housing*), proposed by the Chair, brought up and read.

*Ordered*, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 26 read and agreed to.

Summary agreed to.

Introduction agreed to.

Conclusions and recommendations agreed to.

*Resolved*, That the Report be the Seventy-seventh of the Committee to the House.

*Ordered*, That the Chair make the Report to the House.

*Ordered*, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

## **Adjournment**

Adjourned till Monday 23 October at 3.30pm.

## Witnesses

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The following witnesses gave evidence. Transcripts can be viewed on the [inquiry publications page](#) of the Committee's website.

### Wednesday 21 June 2023

**Sarah Healey**, Permanent Secretary, The Department for Levelling Up, Housing and Communities; **Emran Mian**, Director General, Regeneration, The Department for Levelling Up, Housing and Communities; **Peter Schofield CB**, Permanent Secretary, Department for Work and Pensions; **Vikki Knight**, Director for Housing, Fraud and Error Policy, Department for Work and Pensions

[Q1–86](#)

## Published written evidence

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The following written evidence was received and can be viewed on the [inquiry publications page](#) of the Committee's website.

DSH numbers are generated by the evidence processing system and so may not be complete.

- 1 Zurich UK ([DSH0004](#))
- 2 Care Quality Commission ([DSH0005](#))
- 3 Chartered Institute of Housing ([DSH0006](#))
- 4 Chartered Institute of Housing ([DSH0013](#))
- 5 Coventry City Council ([DSH0010](#))
- 6 Durham Council ([DSH0003](#))
- 7 Local Government Association (LGA) ([DSH0007](#))
- 8 Golden Lane Housing ([DSH0014](#))
- 9 London Councils ([DSH0001](#))
- 10 Manchester City Council ([DSH0011](#))
- 11 Older People and Frailty Policy Research Unit ([DSH0002](#))
- 12 National Autistic Society ([DSH0012](#))
- 13 National Housing Federation ([DSH0015](#))
- 14 SIGOMA ([DSH0008](#))
- 15 The Challenging Behaviour Foundation ([DSH0009](#))

## List of Reports from the Committee during the current Parliament

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All publications from the Committee are available on the [publications page](#) of the Committee's website.

### Session 2022–23

Number	Title	Reference
1st	Department for Business, Energy & Industrial Strategy Annual Report and Accounts 2020–21	HC 59
2nd	Lessons from implementing IR35 reforms	HC 60
3rd	The future of the Advanced Gas-cooled Reactors	HC 118
4th	Use of evaluation and modelling in government	HC 254
5th	Local economic growth	HC 252
6th	Department of Health and Social Care 2020–21 Annual Report and Accounts	HC 253
7th	Armoured Vehicles: the Ajax programme	HC 259
8th	Financial sustainability of the higher education sector in England	HC 257
9th	Child Maintenance	HC 255
10th	Restoration and Renewal of Parliament	HC 49
11th	The rollout of the COVID-19 vaccine programme in England	HC 258
12th	Management of PPE contracts	HC 260
13th	Secure training centres and secure schools	HC 30
14th	Investigation into the British Steel Pension Scheme	HC 251
15th	The Police Uplift Programme	HC 261
16th	Managing cross-border travel during the COVID-19 pandemic	HC 29
17th	Government's contracts with Randox Laboratories Ltd	HC 28
18th	Government actions to combat waste crime	HC 33
19th	Regulating after EU Exit	HC 32
20th	Whole of Government Accounts 2019–20	HC 31
21st	Transforming electronic monitoring services	HC 34
22nd	Tackling local air quality breaches	HC 37
23rd	Measuring and reporting public sector greenhouse gas emissions	HC 39
24th	Redevelopment of Defra's animal health infrastructure	HC 42
25th	Regulation of energy suppliers	HC 41
26th	The Department for Work and Pensions' Accounts 2021–22 – Fraud and error in the benefits system	HC 44
27th	Evaluating innovation projects in children's social care	HC 38

<b>Number</b>	<b>Title</b>	<b>Reference</b>
28th	Improving the Accounting Officer Assessment process	HC 43
29th	The Affordable Homes Programme since 2015	HC 684
30th	Developing workforce skills for a strong economy	HC 685
31st	Managing central government property	HC 48
32nd	Grassroots participation in sport and physical activity	HC 46
33rd	HMRC performance in 2021–22	HC 686
34th	The Creation of the UK Infrastructure Bank	HC 45
35th	Introducing Integrated Care Systems	HC 47
36th	The Defence digital strategy	HC 727
37th	Support for vulnerable adolescents	HC 730
38th	Managing NHS backlogs and waiting times in England	HC 729
39th	Excess Votes 2021–22	HC 1132
40th	COVID employment support schemes	HC 810
41st	Driving licence backlogs at the DVLA	HC 735
42nd	The Restart Scheme for long-term unemployed people	HC 733
43rd	Progress combatting fraud	HC 40
44th	The Digital Services Tax	HC 732
45th	Department for Business, Energy & Industrial Strategy Annual Report and Accounts 2021–22	HC 1254
46th	BBC Digital	HC 736
47th	Investigation into the UK Passport Office	HC 738
48th	MoD Equipment Plan 2022–2032	HC 731
49th	Managing tax compliance following the pandemic	HC 739
50th	Government Shared Services	HC 734
51st	Tackling Defra’s ageing digital services	HC 737
52nd	Restoration & Renewal of the Palace of Westminster – 2023 Recall	HC 1021
53rd	The performance of UK Security Vetting	HC 994
54th	Alcohol treatment services	HC 1001
55th	Education recovery in schools in England	HC 998
56th	Supporting investment into the UK	HC 996
57th	AEA Technology Pension Case	HC 1005
58th	Energy bills support	HC 1074
59th	Decarbonising the power sector	HC 1003
60th	Timeliness of local auditor reporting	HC 995
61st	Progress on the courts and tribunals reform programme	HC 1002

<b>Number</b>	<b>Title</b>	<b>Reference</b>
62nd	Department of Health and Social Care 2021–22 Annual Report and Accounts	HC 997
63rd	HS2 Euston	HC 1004
64th	The Emergency Services Network	HC 1006
65th	Progress in improving NHS mental health services	HC 1000
66th	PPE Medpro: awarding of contracts during the pandemic	HC 1590
67th	Child Trust Funds	HC 1231
68th	Local authority administered COVID support schemes in England	HC 1234
69th	Tackling fraud and corruption against government	HC 1230
70th	Digital transformation in government: addressing the barriers to efficiency	HC 1229
71st	Resetting government programmes	HC 1231
72nd	Update on the rollout of smart meters	HC 1332
73rd	Access to urgent and emergency care	HC 1336
74th	Bulb Energy	HC 1232
75th	Active travel in England	HC 1335
76th	The Asylum Transformation Programme	HC 1334
1st Special Report	Sixth Annual Report of the Chair of the Committee of Public Accounts	HC 50
2nd Special Report	Seventh Annual Report of the Chair of the Committee of Public Accounts	HC 1055

### Session 2021–22

<b>Number</b>	<b>Title</b>	<b>Reference</b>
1st	Low emission cars	HC 186
2nd	BBC strategic financial management	HC 187
3rd	COVID-19: Support for children's education	HC 240
4th	COVID-19: Local government finance	HC 239
5th	COVID-19: Government Support for Charities	HC 250
6th	Public Sector Pensions	HC 289
7th	Adult Social Care Markets	HC 252
8th	COVID 19: Culture Recovery Fund	HC 340
9th	Fraud and Error	HC 253
10th	Overview of the English rail system	HC 170
11th	Local auditor reporting on local government in England	HC 171
12th	COVID 19: Cost Tracker Update	HC 173

<b>Number</b>	<b>Title</b>	<b>Reference</b>
13th	Initial lessons from the government's response to the COVID-19 pandemic	HC 175
14th	Windrush Compensation Scheme	HC 174
15th	DWP Employment support	HC 177
16th	Principles of effective regulation	HC 176
17th	High Speed 2: Progress at Summer 2021	HC 329
18th	Government's delivery through arm's-length bodies	HC 181
19th	Protecting consumers from unsafe products	HC 180
20th	Optimising the defence estate	HC 179
21st	School Funding	HC 183
22nd	Improving the performance of major defence equipment contracts	HC 185
23rd	Test and Trace update	HC 182
24th	Crossrail: A progress update	HC 184
25th	The Department for Work and Pensions' Accounts 2020–21 – Fraud and error in the benefits system	HC 633
26th	Lessons from Greensill Capital: accreditation to business support schemes	HC 169
27th	Green Homes Grant Voucher Scheme	HC 635
28th	Efficiency in government	HC 636
29th	The National Law Enforcement Data Programme	HC 638
30th	Challenges in implementing digital change	HC 637
31st	Environmental Land Management Scheme	HC 639
32nd	Delivering gigabitcapable broadband	HC 743
33rd	Underpayments of the State Pension	HC 654
34th	Local Government Finance System: Overview and Challenges	HC 646
35th	The pharmacy early payment and salary advance schemes in the NHS	HC 745
36th	EU Exit: UK Border post transition	HC 746
37th	HMRC Performance in 2020–21	HC 641
38th	COVID-19 cost tracker update	HC 640
39th	DWP Employment Support: Kickstart Scheme	HC 655
40th	Excess votes 2020–21: Serious Fraud Office	HC 1099
41st	Achieving Net Zero: Follow up	HC 642
42nd	Financial sustainability of schools in England	HC 650
43rd	Reducing the backlog in criminal courts	HC 643
44th	NHS backlogs and waiting times in England	HC 747
45th	Progress with trade negotiations	HC 993

<b>Number</b>	<b>Title</b>	<b>Reference</b>
46th	Government preparedness for the COVID-19 pandemic: lessons for government on risk	HC 952
47th	Academies Sector Annual Report and Accounts 2019/20	HC 994
48th	HMRC's management of tax debt	HC 953
49th	Regulation of private renting	HC 996
50th	Bounce Back Loans Scheme: Follow-up	HC 951
51st	Improving outcomes for women in the criminal justice system	HC 997
52nd	Ministry of Defence Equipment Plan 2021–31	HC 1164
1st Special Report	Fifth Annual Report of the Chair of the Committee of Public Accounts	HC 222

### Session 2019–21

<b>Number</b>	<b>Title</b>	<b>Reference</b>
1st	Support for children with special educational needs and disabilities	HC 85
2nd	Defence Nuclear Infrastructure	HC 86
3rd	High Speed 2: Spring 2020 Update	HC 84
4th	EU Exit: Get ready for Brexit Campaign	HC 131
5th	University technical colleges	HC 87
6th	Excess votes 2018–19	HC 243
7th	Gambling regulation: problem gambling and protecting vulnerable people	HC 134
8th	NHS capital expenditure and financial management	HC 344
9th	Water supply and demand management	HC 378
10th	Defence capability and the Equipment Plan	HC 247
11th	Local authority investment in commercial property	HC 312
12th	Management of tax reliefs	HC 379
13th	Whole of Government Response to COVID-19	HC 404
14th	Readying the NHS and social care for the COVID-19 peak	HC 405
15th	Improving the prison estate	HC 244
16th	Progress in remediating dangerous cladding	HC 406
17th	Immigration enforcement	HC 407
18th	NHS nursing workforce	HC 408
19th	Restoration and renewal of the Palace of Westminster	HC 549
20th	Tackling the tax gap	HC 650
21st	Government support for UK exporters	HC 679
22nd	Digital transformation in the NHS	HC 680



<b>Number</b>	<b>Title</b>	<b>Reference</b>
23rd	Delivering carrier strike	HC 684
24th	Selecting towns for the Towns Fund	HC 651
25th	Asylum accommodation and support transformation programme	HC 683
26th	Department of Work and Pensions Accounts 2019–20	HC 681
27th	Covid-19: Supply of ventilators	HC 685
28th	The Nuclear Decommissioning Authority's management of the Magnox contract	HC 653
29th	Whitehall preparations for EU Exit	HC 682
30th	The production and distribution of cash	HC 654
31st	Starter Homes	HC 88
32nd	Specialist Skills in the civil service	HC 686
33rd	Covid-19: Bounce Back Loan Scheme	HC 687
34th	Covid-19: Support for jobs	HC 920
35th	Improving Broadband	HC 688
36th	HMRC performance 2019–20	HC 690
37th	Whole of Government Accounts 2018–19	HC 655
38th	Managing colleges' financial sustainability	HC 692
39th	Lessons from major projects and programmes	HC 694
40th	Achieving government's long-term environmental goals	HC 927
41st	COVID 19: the free school meals voucher scheme	HC 689
42nd	COVID-19: Government procurement and supply of Personal Protective Equipment	HC 928
43rd	COVID-19: Planning for a vaccine Part 1	HC 930
44th	Excess Votes 2019–20	HC 1205
45th	Managing flood risk	HC 931
46th	Achieving Net Zero	HC 935
47th	COVID-19: Test, track and trace (part 1)	HC 932
48th	Digital Services at the Border	HC 936
49th	COVID-19: housing people sleeping rough	HC 934
50th	Defence Equipment Plan 2020–2030	HC 693
51st	Managing the expiry of PFI contracts	HC 1114
52nd	Key challenges facing the Ministry of Justice	HC 1190
53rd	Covid 19: supporting the vulnerable during lockdown	HC 938
54th	Improving single living accommodation for service personnel	HC 940
55th	Environmental tax measures	HC 937
56th	Industrial Strategy Challenge Fund	HC 941